G.R.S. IX–5] .

(not to be destroyed)

Previous references. 1922. **File No.** 31-22

(G.F.)

Serial Nos. 1

Later references.

G.F. 382-34 (1-6)

G.F. 330-45 (1-2)

GENERAL AND REVENUE SECRETARIAT.

Pr 17-E

W 1445

Serial Nos. 1

Part B for Sep 1922

SUBJECT

Investment of Govt ~~Funds~~ Balances in the Several Securities

---

1) Recorded with Fl 1265 GF 31-22-1.
dt 4.9.1922

Defines the kinds of funds requiring liquid reserves & the proportion of such liability to be maintained in the form of Easily marketable securities.

Pr 19/2/23

Our investments in securities.

There are some important questions relating to our investments in securities to be settled. The objects to be aimed at have to be clearly defined and rules have to be laid down for the guidance of all concerned f o r attaining such objects.

2. The following are the points to be decided:-

(i) Purposes for which investments in securities should be made.

(ii) Kinds of securities to be maintained.

(iii) Whether the securities we now hold are adequate and if not, how the deficiency should be made good.

(iv) Whether all the securities we now hold are of the kind required and if not, what action should be taken for converting such of them a as are not of the class wanted.

(v) Method of exhibiting investments in accounts.

and (vi) Periodical review of the adequacy of the securities held.

3. The liabilities for which liquid securities are necessary are the following:

(i) Famine Insurance Fund.

(ii) Loan Sinking Funds.

(iii) Other Liabilities.- (a) Savings Bank deposits
(b) Provident Fund deposits.
(c) Life Insurance Fund.
(d) Local and other funds
and (e) Other Deposits.

4. The whole of the Famine Insurance Reserve should be in a form capable of ready realisation. The amount to the credit of this Fund should, therefore, be held in the best gilt-edged securities for which there is always a demand in the widest market.

5. All our loans except the Railway Sterling Loan

~~Loan of £~~ ~~1,800~~

Loan of £ 1,200,000 raised in 1886 in London are terminable loans, and the form in which the sinking funds for such loans should be kept requires careful consideration.

There are three alternatives:

(i) The Sinking Funds may be used for non-liquid investments like the fixed capital of our productive works,

or (ii) they may be kept in a liquid condition by investment in the best outside securities,

or (iii) they may be used for buying up our own bonds and cancelling a corresponding amount of the debt.

6. The utilisation of Sinking Funds for meeting capital demands would, no doubt, ~~pretante~~ pro tanto, temporarily reduce our borrowing for such demands. But if these Funds are used for financing the non-disposable and fixed capital of productive works, the only means of redeeming the loans for which they are intendend, is to have recourse to borrowing when the debts are due for discharge. The adoption of the first alternative, therefore, only postpones the need for borrowing and it has also the effect of making us borrow not for our capital works but for repaying our terminable loans; in other words, the difficulty of providing funds, instead of being faced when the capital demand has to be met, will be evaded and left to be solved when the time for discharging loans comes. Borrowing would thus become inevitable for maintaining financial credit and such a condition can be contemplated with equanimity only by a Government which can always feel absolutely confident of borrowing whatever amount it requires. Such, however, is not our position. The market for our securities is very limited and they are also unrecognised by the Imperial Bank ~~xxxxx~~ which is the Bankers' Bank in India. We cannot, therefore, rely on our powers of borrowing for the discharge of our terminable debts and the only safe course to follow is

to

to hold the whole of the Sinking Funds in easily marketable outside securities or use them for buying up our own bonds, if they can be purchased with advantage.

7. It may be argued that we may have to borrow for our capital outlay at a rate of interest slightly higher than what we may be able to earn on our sinking funds and the loss represented by the difference between the two rates could be saved by utilising these funds. But for reasons stated above, I consider that the maintenance of our financial credit, which will be fully assured only by the adoption of either of the other two alternatives is of far greater value than any small saving of charges on interest.

8. The Savings Bank deposits are call liabilities and it has been recognised that one half of these deposits should always be kept in a liquid form. This has been insisted upon by the Government of India also and we have told them that we shall always hold one half of these balances in securities of that Government.

9. The demands on account of the Other Liabilities included under item No. (iii) in para 3 ~~in the above list~~ are generally limited in their nature and after a full discussion of the question, Mr. Datta came to the conclusion that it would be sufficient to hold as a liquid reserve 10 per cent. of Insurance and Provident Funds, 25 per cent. of Local and other Funds, and 20 per cent. of other deposits. These percentages are the minima required for safety and they have to be maintained in the form of securities.

10. To effectively fulfil the purpose for which they are wanted, the securities held should be as liquid as possible. Investments in sterling securities introduces the uncertain element of foreign exchange and it is, therefore, necessary to hold only rupee securities. The best rupee

securities

securities are those of the Government of India loans and even of these we should avoid the securities of long-term or irredeemable loans the capital value of which is liable to large fluctuations and selct only the short-term maturities, that is the securities of terminable loans having a currency of not more than 10 years, the capital value of which will recover the par level as the date of redemption draws near, even if it has gone below that level in the meantime.

11. A complete statement showing the different kinds of securities now held and their nominal and market values is appended. Leaving out the temporary investment of Rs. 5 lakhs in Indian Treasury Bills and of Rs. 25 lakhs as short-term deposits in the Bank of Mysore and the Imperial Bank of India, it will be seen that the total realisable value (at present market rates) of the securities belonging to the permanent investment account is Rs.130½ lakhs. According to the different proportions of the several kinds of liabilities specified in paras 4, 6 and 9, the total amount required to be held is --- Rs. 159½ lakhs as follows:-

(In lakhs.)

Nature of Liability.	Amount.	Proportion.	Amount.
Famine Insurance Fund ..	53	whole.	53
Sinking Funds	43	,,	43
Savings Bank Deposits ..	74	half	37
Insurance & Provident Funds	69	one-tenth	7
Local and other Funds ..	58	One-fourth	14½
Other Deposits	21	one-fourth	5
			159½.

12. The value of securities held falls short of what it should be by Rs. 29 lakhs. The surplus cash, if any,

any, available after meeting the authorised demands of the year 1922-23 should be used for raising the account of reserve securities to the required level and the Comptroller may be required to revise the Ways and Means estimate of the current year with reference to the actual cash balance on the 1st July 1922 and the additional capital grants for 1922-23 corresponding to the lapses of 1921-22 to be reallotted and report if any addition can be made to the securities to be held as the liquid reserve.

13. The following securities now held by us do not fulfil the conditions mentioned in para 10.

Nature of security.	Face value.	Date of redemption.
(1) Bombay City Improvement Trust Sterling 4 % Debentures ..	£ 31,300	1969 1976
(2) Calcutta Municipal 4 % Debentures ..	Rs.4,00,000	1942
(3) Madras Municipal 4 % Debentures ..	Rs.3,00,000	1943 1944 1945
(4) Shares in Companies	Rs.1,22,610	Not repayable.

The securities Nos. (1), (2) and (3) have depreciated heavily and their capital value will not appreciate until the general rate of interest goes down and long-term securities come into public favour again. It is, therefore, desirable to sell them as soon as a fairly good opportunity for their disposal offers and reinvest the sale proceeds in securities of the kind mentioned ~~in~~ in para 10. The holding in shares of companies is comparatively small and excepting the Mysore Tannery shares, the others are now quoted much above par. The Tannery shares may be sold when the par value can be obtained for them and the shares of the two Cotton Mills may be re-

tained

retained as the amount involved is not much.

14. We also hold sterling paper of the face value of £ 360,037 but the bulk of this is our own loan and it practically represents so much of our debt cancelled. As this issue is guaranteed by the Secretary of State, we can obtain accommodation on it both in England and in India and for this reason the stock is held without cancelling a corresponding amount of the loan. These securities were bought at large discounts and as the liability to discharge the loan at par is ours, the discounts obtained represent so much of gain to us. This holding will be continued as part of our securities' reserve and no question of converting it into any other form arises.

15. The next question to be considered is t h e method of exhibiting investments in accounts. At present there is only one head called the ~~Surplus~~ Investment Account for all these investments. It is necessary to show separately ~~as~~ the securities held against the different liabilities and with this object the present head may be split up into three heads corresponding to the three groups of liabilities shown in para 3. The interest realised from the securities held on behalf of the Famine Insurance and Loan Sinking Funds has to be added to these Funds but the position is different in respect of the other liabilities. These latter liabilities are liable to fluctuations either way every year ~~which~~ while the Famine and Sinking Funds generally grow from year to year. These are other reasons for dividing the head into three parts as suggested above.

16. Under the existing arrangement, interest at the rate of 5 per cent. per annum is added to the corpus

of

of the Famine Insurance Fund. The interest realised from the securities held on account of this Fund is credited to the General Revenue Account while that payable to the Fund is charged off to the same account. This procedure results in the inflation of our annual revenue and expenditure and critics who overlook the addition on the revenue side, question the necessity for adding annually any interest to the Insurance Fund. As the Fund is held in the form of securities, it earns its own interest and it would be a simpler and far better arrangement to permit the Fund to take its own interest directly without passing the transaction on either side of the General Revenue Account of Government. This point was raised at the recent Budget Session of both the Representative Assembly and the Legislative Council and it was necessary to explain that the procedure now followed did not mean the payment to the Famine Insurance Fund of interest from other revenues of Government but was practically that of passing on to that Fund what was earned by itself. This misconception can be removed by directly adding to the Fund the interest on the securities held on its behalf and I propose the adoption of this procedure.

17. The question of adding interest to the corpus of the holding arises in the case of only the Insurance and Loan Sinking Funds and it is best to ear-mark for these Funds the securities which earn the best rate of interest, so that the position of the Funds may be made as strong as possible.

The distribution of the securities we now hold, may be made as under:-

Nature of Liability.	Securities required.	Securities set apart.	
6	(In lakhs.)		
Famine Insurance Fund ...	53	19	Govt.of India 5½ % War Bonds.
		34	-do.- 6 % Bonds.
		-- 53	
Loan Sinking Funds ..	43	16¾	Govt.of India 6 % Bonds.
		26¼	S.M. Ry. Debentures.
		--- 43	
Other Liabilities ..	63½	14¼	S.M. Ry. Debentures.
		10	Deposit in the Bank of Mysore.
		7½	Corporation Bonds.
		2¾	Shares in Companies.
		--- 34½	

18. The deficiency of Rs. 29 lakhs pointed out in para 12 may be considered as existing in the securities held against Other Liabilities and it has to be made good as early as possible out of improvements from all sources in the condition of cash balances.

19. The sum of Rs. 43 lakhs shown as at credit of Sinking Funds represents the total contribution to these Funds to the end of 1922-23. The total liability is, however, Rs. 51 lakhs, 9 lakhs on account of the o l d 4 per cent. and 5½ per cent. loans, and 42 lakhs on accoun of the new 6¼ per cent., 6½ per cent., and 7 per cant. loans, and against it we have been able to spare only Rs. 43 lakhs. The balance of Rs. 8 lakhs has to be regarded as an arrear liability to be discharged by additional contributions from revenue in future years.

20. It is necessary to review periodically the liabilities for which liquid securities are required in the light of investments held on their behalf. T h e amount of the liabilities falling under group (i) noted in para 3 are subject to fluctuations and the value of the securities held will also vary according to their

market

I generally agree to the recommendations made - before however passing final orders - information may be furnished as to our cash position on 1.7.22. and the scope for investment of surplus cash - when this is determined - ways & means estimate for capital Expenditure in 1922-23. must be separately settled - in regard to actual requirements - I hope there may be more than 29 Lacs available for investment. The Securities mentioned in para 13 may be sold as opportunities present themselves. I agree to the manner of showing investment account and to a periodical annual review of our investment position

The question of lapsed grants will be separately submitted Intd m.n.11 22.7.22.

Intd. A.R.B
11/7/22.

market quotations. In the case of the Sinking Funds, it is necessary to review the position at intervals with a view to see that the Funds are accumulating at the rate assumed for producing the required amount on the date the loans are due for discharge. I would, accordingly, propose that the Comptroller be required to submit a report as part of his general note on the annual budget, reviewing the position, based upon the Revised and Budget estimates, of each of the three groups of liabilities, with reference to the securities to be held in respect of them. Such a review is essential for regulating the annual programmes of capital works and for ensuring that the supply of funds for such works will not necessitate the sale of securities held against liabilities or the encumbrance of such securities for obtaining temporary accommodation for the fixed capital of productive works.

DEWAN'S OFFICE
Rcvd. on JUL 10 1922
Reg. No. 228

D E W A N.)

8.7.22

I generally agree with the recommendations made - Departments having final orders - may be furnished as to cash position on 1.7.22 - and the scope for investing surplus Cash - when this is determined - ways & means ord for Cap Wks in 1922-23 may be profitably utilised - a report to Govt - I hope there may be more than 2 crs available for invest - The securities mentioned in para 13 may be held as Govt Securities Generally I agree to the summary shown but want each - & to a periodical & annual review of our investments etc.

The question of renewing lapsed grants will be separately dealt with
27.7.22

My views on the several questions raised will now be recorded.

1. Sinking fund should be kept in the form of easily marketable security or used for buying up our securities. I undestand 6¼ can be had for 90 now and these may be bought up as far as possible.

2. Famine Insurance should gradually be kept separate from - cash and invested on best securities available. This can be done gradually without disturbing ways and means estimate for the next three years under Capital expenditure.

3. Liability under debt heads may be with the cash balance for the present provided that at least 20% including Savings Banks may be kept in the form of securities. The total to be invested may now be calculated afresh on the above basis.

4. The securities mentioned in para 13 of the Financial Secretary's note may be sold; but as this involves heavy loss we may wait another year to see if they show any improvement.

5. I agree to paras 14, 15, 16 and 17.

6. The arrear contribution due may be made after 25.26 (para 18)

7. I agree to the proposal in the tabular form.

8. C.P.S. depreciation fund should also be separated from this years and invested.

Action may be taken on the above lines and a D.S.N. put up.

Intd. A. R. B.
15-7-1922.

4468

10

G. R. S. III-21

General and Revenue Secretariat. | File No. of 19 .

Serial No.

Reference is invited to Note dy 19.7.22 in the linked file.

Dewan) 22/7/22

DEWAN'S OFFICE.
Rcd. on JUL 22 1922
No. 5786

Any sum on the record for loan raised will not be recorded

1. Sinking fund shd be kept in the form of easily marketable securities or used for temporary repurchase of securities. I understand G of C can be had for 90 now & there may be legislation so far as possible

2. Fiscal Reserve shd gradually be kept separate from Cash & invested in Govt securities or suitable Govt can be done gradually without disturbing ways & means & annuals for the next 3 years under Cap 4 p.

3. Suitable under-relief heads may be opened with the cash balance for the present - provided that short note explaining Savings Bills may be kept in the form of securities

NOTE—Contn. sheet.

v. R. S. III-2a]

DEWAN'S MINUTE

General and Revenue Secretariat.

File No. 192 .

Date of submission	Date of Return	Date of issue of orders in the Secretariat	Remarks

The total time required may be calculated after on the above basis.

4. The amount mentioned in item 13 of the Hon'ble may be sold when this work is nearly over. We may wait until the Harvesting is over.

5. Regulations 14 to 16 & 17

6. The amendments may be made after 25-26.

(item 16)

7. Regarding the proposal submitted by

8. The PWD Secretariat and the whole responsibility from this year's work.

Action may be taken on the above lines and the matter

4

15?

12

WD 2314—GPB—2000—28-6-22

12)

G. R. S. III-2] Fl.D.4468.

General and Revenue Secretariat. | File No. of 19 .

Serial No.

D.S.N. put up.

A reserve of 20 per cent. is not sufficient in the case of the call Savings Bank deposits. The proportion to be kept liquid is 50 per cent. and this has been insisted upon by the Government of India and we have promised to hold this share in securities: vide letter No.C.214 dated 2nd November 1912 to the Residency. The Famine Insurance Fund — already accummulated and annual contributions when resumed — has to be kept liquid and it has been kept in that condition all along vide para 17

E

If the recognised proportion is not to be altered the reserve for other liabilities will have to be raised and DSN altered

D E W A N.)

27.7.22

Please see allocation of which do to maybe kept

At 20pc the reserve for Savings Bank liabilities is 15 lakhs and at 50pc it is 37 lakhs. The deficiency of 22 Lakhs will have to be made good in 2 years. Considering our Capital demands in the next 2 years and the probability of there being no revenue surplus in those years it is difficult to find 22 lakhs for investment in Securities in the next years. In any case this investment has to

DEWAN'S OFFICE.
Recd. on JUL 27 1922
Rec. No. 725

NOTE—Contn. sheet.

Serial No.

be made as early as possible and all improvement in the Cash position may be used for this purpos On this View the alteration made in the DSR will do and it will be sent to the Dewans office for fair S.R being sent up.

Mole
31.7.22

Yes
1.8

14

In Italics — Submitted to His Highness.

We hold several kinds of funds which are liable to be withdrawn either at call or otherwise. Which of these funds can be used for capital works and which not, and of those that can be devoted for that purpose, what portion should be maintained in a liquid condition are important points to be settled. There are also other cognate questions requiring to be decided and in his note of the 8th July 1922, the Financial Secretary has raised all these points and made certain suggestions. I have considered his proposals and come to the conclusion that action on the following lines in necessary:-

(1) The Loan Sinking Funds should be kept in the form of easily marketable securities or used for buying up our own securities. The Bonds of our 6¼ loan are quoted at about 90 and these may be bought up as far as possible.

(2) Famine Insurance Fund should be kept separate from cash and invested in the best securities available.

(3) The amounts of other Debt heads which require liquid reserves may be treated as part of the general cash balance provided that at least 20 per cent of such liabilities including the Savings Banks are kept in the form of securities this year, the per centage being increased to 50, in two years. This is the recognised proportion - vide Residency letter No.C.214 dated the 2nd November 1912.

(4) The Corporation bonds and the shares in the Mysore Tannery we now hold do not belong to the class of securities we require and it is desirable to dispose of them. As, however, their present market quotation is below par, we may wait for another year to see if their capital value will increase.

(5) The securities belonging to the Loan Sinking and Famine Insurance Funds should be separated from the general investment account and kept distinct under independent heads. The interest earned by the Famine Insurance Fund should be added to it directly and not passed through the general Revenue account of Government. The interest earned by the Loan Sinking Funds should be similarly added directly to these funds.

(6) We now hold securities of the face value of Rs.1,30½ lakhs and the sub-joined statement shows the amount of securities to be maintained:-

NATURE OF LIABILITY.	AMOUNT. Rs.	Proportion.	Amount. Rs.
Sinking Funds... ...	43 lakhs.	Whole.	43 Lakhs.
Famine Insurance Fund..	53 ,,	Whole.	53 ,,
Other Liabilities requiring reserves.. ...	2,22 ,,	one-fifth	44½ ,,
			1,40½ Lakhs.

It will be seen that the market value of the securities required to be maintained falls short of what it should be

by Rs.1,40½ - 1,30½ lakhs= Rs.10 lakhs. This deficiency may be made good after the year 1925-26.

(7) An annual review should be made of the condition of the above three classes of liabilities in the light of the securities held on their behalf with a view to take the action necessary for maintaining the relation that - should exist between each class of liability and the securities-reserve required for it.

(8) The Cauvery Power Scheme Depreciation Fund has hitherto been merged in cash balances and utilised for capital purposes. The annual contribution to the Fund, commencing with the current year, should be separately invested in securities.

I solicit the gracious approval of His Highness to the above proposals.

Bangalore,
31st July 1922.

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

Proposals for holding securities in respect of the several kinds of funds.

Order.

~~KRW~~

2/8/22

No 117

Financial Secretary

17

G. R. S. III-2]

General and Revenue Secretariat.

File No. 31 of 1922

Serial No.

A draft issuing necessary instructions to the Comptroller is put up for approval.

The principle adopted in regard to the Depreciation Fund of the Electrical Department applies to the similar Funds of the Sandal Oil Factories and the Kolar Gold Fields Water Works also and accordingly -- all these funds are proposed to be treated alike. It is desirable to restore gradually to the form of securities the balances of these Funds which, for want of definite orders, have hitherto been diverted for other purposes. This point is also noted in the draft.

As the reserve for Savings Banks balances has to be raised to 50 per cent. as early as possible, it is not desirable to reduce this reserve to below --- 20 per cent. in the distribution of securities now to be made. Out of the investment of 20 lakhs recently ordered, 10 lakhs may be used for making good the deficiency referred to under item No. 6 in the submission note to His Highness and the draft does not therefore refer to any deficiency on this account to be made up hereafter.

DEWAN'S OFFICE. Recd. 08 AUG 1922 No. 942

DEWAN.) Draft approved 5/8/22

08 AUG 1922

Order of Mysore be made public

It is not desirable to publish this order. It has to be treated as

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat.

CP File No. 37 of 1921

Serial No.

Confidential as it contains instructions regarding purchase of bonds for sinking funds and publicity may result in firming up the prices and making the investment costlier

Mlle 21-8-22

(Devan) Jaipur N. 8. 21

Please issue confidentially to Comptr

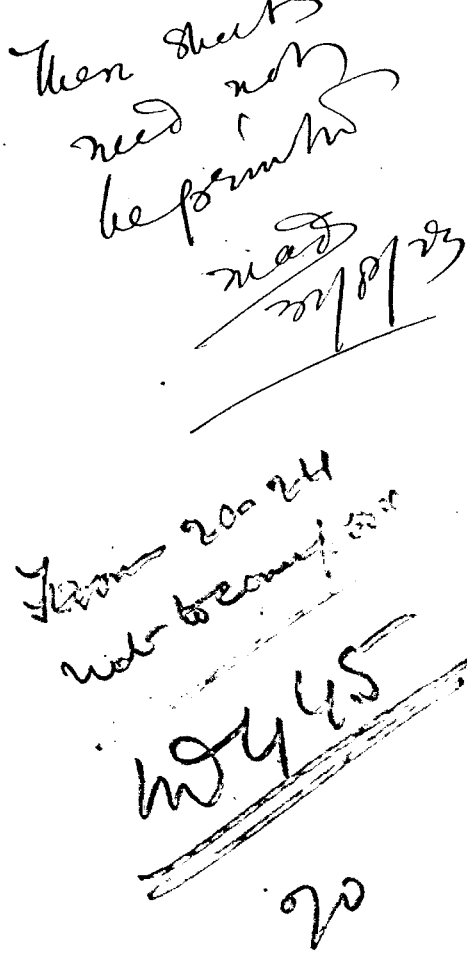
Mlle 28.8.22 read 28/8

(1) To comptroller

no 21 1265 dated 4 9 22.

Defines the kinds of funds requiring liquid reserves & the proportion of each liability to be maintained in the form of easily marketable securities

NOTE—Contn. sheet.



6823

"Go-day"
No. 1282

22/

What is the total amount at debit of the Investment Acct and what were the details of the total holding? The liabilities against which the securities are required may also be noted.

19-6-22

Forwarded with Compliments to the Comptroller for furnishing information req^d above

By order
Mackenzie
for Secy

19-6-22

H. S. Rao 20/9

Details noted
20.6.22.

26 JUN 1922

No. 2855 S. L. /Encl. one

Dated 22-6-22.

The information regarding details of Holdings on account of the Mysore Government Investment Account and the total amount at Debit is sent herewith.

The liabilities against which these are required as they are estimated to stand on 1st July 22 & 1st July 23 is also given.

By Raghavendra
for Comptroller.

22/6/22

Details of Holdings on account of the Mysore Government

Investment Account and amount at Debit

Description	Face value	Amount at debit
Govt. of India Securities		
1. 5½% War Bonds of 1922	3,25,775	
2. " " 1923	60,600	
3. " " 1925	77,450	
4. " " 1928	14,54,975	
5. 6% Bonds of 1926	19,26,400	
6. " " 1930	24,26,800	
7. " " 1931	7,17,600	
8. India Treasury Bills due 12-8-1922	5,00,000	
Total	74,89,600	
Madras & Southern Mahratta Railway		
4% Debentures of 1936 £ 2,66,249 / of 1938 93,788	54,00,555 @ Rs. 15/- per £	
Other Securities 31,0037		
1. Bombay City Improvement Trust Sterling 4% Debentures £ 31300	4,69,500	do
2. Calcutta Municipal 4% Debentures	4,00,000	
3. Madras "	3,00,000	
	11,69,500	
Fixed Deposits -		
Permanent Deposits in Mysore Bank	5,00,000 without interest 5,00,000 with 4½% " 10,00,000 with 5% " due on 8-8-22.	
	20,00,000	
Shares in Companies -		
in Bangalore Woollen Mills	11,450	
Mysore Spg & Mfg.Company	57,600	
Mysore Tannery	53,560	
	1,22,610	
Grand Total ...	161,82,265	159,61,123

P.T.O

Liabilities against which the Securities are required :—

	Balances as they are expected to be on 1st July 22	1st July 1923
(1) 4% and 5½ % Loan	9 lakhs	9 lakhs
(2) New Loans Sinking Fund	14 "	34 "
(3) Savings Banks Deposits	76 "	74 "
(4) Life Insurance and Provident Fund	64 "	69 "
(5) Famine relief	50 "	53 "
(6) Local and other funds	59 "	58 "
(7) Other deposits	21 "	21 "

As suggested by Mr. Datta, we should hold Securities for 50 per cent of item No.3, 10 percent of No.4 and 25 percent of No.6.

22nd June 1922

J. Satyanarayan
Comptroller.

CV/22-6

According to para 2 of Comptr's note above. The Securities he held against items 3, 4 & 6 above aggregate (37+7+14) 58 lakhs. Against items 1, 2 & 5 we must have Securities to realise the whole balance. The aggregate value of Securities to be held against all the above liabilities therefore amounts to (58+53+43=) 154 lakhs. The face value of Securities held now is about 161¾ lakhs. As the market value of these Securities is much less than their value and as it is necessary to have Securities to realise 154 lakhs, it seems necessary to maintain the Security balance at such amount as will cover this amount calculated according to present market quotations

(E Gray)

D 5 1

Statement of Securities held by Government on 1st July 192

No.	Description of Securities	Face value	Total	Depreciation	Net value (market value
		Rs.	Rs.	Rs.	Rs.
1	Govt. of India 5½% War Bonds of 1922 (tendered for conversion to new 6% loan)	326,175			
2	— Do — of 1923	61,100			
3	— Do — of 1925	77,450			
4	— Do — of 1928	14,54,975	19,19,700	...	19,19,700
5	— Do — 6% — of 1926	19,26,400			
6	— Do — 1930	24,26,800			
7	— Do — 1931	7,17,600	50,70,800	...	50,70,800
8	Madras Municipal 4% Debentures	3,00,000			
9	Calcutta " " "	4,00,000			
10	Bombay City Improvement 4% Sterling £ 31,300 @ 15 Rs.	4,69,500	11,69,500	4,21,325	7,48,175
11	S. M. Railway Co. 4% Debentures £ 360,037 @ 15 Rs.	54,00,555	54,00,555	13,50,139	40,50,416
12	Shares in the Mysore Tannery Ltd.	53,560			
13	— Do — Bangalore Woollen Cotton & Silk Mills Co. Ltd.	11,450			
14	— Do — Mysore Spg. & Mfg Co. Ltd.	57,600	1,22,610	138,539 (premium)	261,149
~~15~~	~~India Treasury Bills due 12.8.22~~	~~500,000~~	~~500,000~~		12,050,240 ~~500,000~~
	Permanent deposit with the Bank of Mysore		10,00,000	...	10,00,000
16	Fixed Deposits in Banks —			Permanent investments	
	(a) In the Bank of Mysore Temporary Deposits			Total	13,050,240
	~~Permanent deposit with int. at 4½%~~	~~5,00,000~~			
	~~— Do — without int~~	~~5,00,000~~			
	~~Do~~ Do (Temporary) due on 8.8.22	10,00,000			
	(b) In the Imperial Bank of India with int. due 20.9.22	15,00,000	25,00,000		2 35,00,000
	(c) India Treasury bills due on 12.8.22		~~35,00,000~~ ~~5,00,000~~ 10,00,000	...	5,00,000
	Total		17,683,165	1632925	160,50,240

Q 27.11.22

	Balance on 1.7.22	Balance on 1.7.23
Other Deposits		
Balance	21 lakhs	21 lakhs.

	Paid up Value	Market Quotation
Binny & Co Ltd Bangalore —	100	250
Mysore Tannery	10	9

A670

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

FINANCIAL SECRETARIAT,

Dated Bangalore, ... 192

Lrs No. Fl.

No.C.214/Gen;Fin.,

From

J.S.Chakravarti,Esq., M.A., F.R.A.S.,

Financial Secretary to the Government of His Highness the Maharaja of Mysore.

To

P.B.Warburton,Esquire I.C.S.,

First Assistant to the Hon'ble the Resident in Mysore.

~~Sir,~~

In acknowledging receipt of your letter No.5957 dated 11th October 1912 stating that the Government of India have no objection to the Durbar's proposal to withdraw the existing limitations on the amounts of deposits in their Savings Banks on certain conditions, I am directed to request you to be so good as to convey the thanks of the Durbar to the Government of India for their prompt and favourable decision in the matter.

I am to add that until the deposits exceed 100 lakhs one note in the special form of the value of 50 lakhs (special form note No. (119136) will be kept separate as the reserves under the conditions referred to in your letter.

I have the honour to be,
Sir,
Mour most obedient servant,
Sd. J.S.Chakravarti.
Financial Secretary to Govt.

No.C.215/Gen.Fin.dated 2nd November 1912.

Copy to the Comptroller,Mysore Government for information.

" By order "

Sd..T.Lakshminarasimha Rao.

For Financial Secretary to Govt.

25

3 Copies 'Confidential'

Draft.

Proceedings of the Government of His Highness the Maharaja of Mysore.

Order No. Fe 1265-G 7 31-22-1

Dated, Bangalore, the 4 ~~Aug~~ Sept: 1922

Government consider it necessary to define the kinds of funds requiring liquid reserves and the proportion of each liability to be maintained in the form of easily marketable securities. The following directions are accordingly issued for the guidance of the Comptroller:-

2. The funds and the proportions are noted below:-

i.	Loan Sinking Funds ..	whole.
ii.	Famine Insurance Fund ..	whole.
iii.	Savings Bank Deposits ..	50 per cent.
iv.	Provident Fund Deposits .	20 ,,
v.	Life Insurance Funds ..	20 ,,
vi.	Local and other Funds ..	20 ,,
vii.	Other Deposits ..	20 ,,
viii.	Depreciation Funds ..	whole.

3. The proportions fixed above will immediately be set aside out of the existing holding of securities except in regard to items Nos. iii and viii. In the case of Savings Bank Deposits, securities equal to 20 per cent. of these deposits will at once be ear-marked as the reserve and the balance of 30 per cent. will be added within the next two years out of improvements in the cash position. As regards Depreciation Funds, the Contributions to them commencing from the current year should be invested in securities, if not required

required for expenditure on renewals and replacements of the concerns for which they are intended. The balances of these Funds which have hitherto been utilised for capital purposes should gradually be restored to the form of securities as the cash position permits of the restoration in order that the demands of the concerns for drawing upon ~~this~~ their Depreciation Funds may be readily met. All calculations in regard to the liquid reserves to be maintained should be made with reference to the market values of securities.

4. As regards the Loan Sinking Funds, arrangements should be made to buy up, as far as possible, ~~to~~ the bonds of the loans ~~them~~ themselves if they can be had at or below par. The present is a favourable opportunity for purchasing bonds of the 6½ per cent. Loan and arrangements for buying them up should be made through the Bank of Mysore or any other agency dealing in these bonds.

5. The corporation Bonds and the shares in the Mysore Tannery now held are not of the class of securities required to serve the purpose of a liquid reserve and it is desirable to dispose of them. The present prices of these bonds and shares are, however, low and the question of their disposal may be deferred for a year or so to see if there will be any improvement in their capital value.

6. The securities to be held on account of (i) ~~the~~ Loan Sinking Funds, (2) ~~the~~ Famine Insurance Funds, and (iii) ~~the~~ Depreciation Funds, should be shown under separate heads in accounts. The securities required for the

the other liabilities enumerated in para 2 should all be brought under one separate head.

7. The interest earned on the securities belonging to the Famine Insurance Fund should be added to the Fund directly and invested and it should not be passed through the General Revenue Account of Government.

8. The annual contributions to the Loan Sinking Funds assume accumulation at compound interest at 6 per cent. per annum and accordingly the interest earned by the securities of these Funds will be directly added to the Funds and investments therefrom made promptly. The securities now set aside or purchased hereafter should be such as to yield 6 per cent.

9. The Comptroller will submit an annual review of the condition of the four classes of liabilities in the light of the securities held on their behalf and indicate the action necessary for restoring, where necessary, the value of the holding to the level required according to paras 2 and 3. This review should be included in the Comptroller's general note on the annual Ways and Means Estimate.

49/206

5/8/22

FINANCIAL SECRETARY TO GOVT.

To

The Comptroller to Government.

27